



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

November 8, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

10 November 8, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **FIVE-YEAR LEASE AGREEMENT – DEPARTMENT OF PUBLIC HEALTH 13745 WEST SATICOY STREET, VAN NUYS (THIRD DISTRICT) (3 VOTES)**

#### **SUBJECT**

This recommendation is for a five-year lease agreement for the Department of Public Health to occupy 7,300 square feet of warehouse space and 20 parking spaces.

#### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Consider the Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Executive Office to complete and file a Certificate of Fee Exemption for the project.
2. Approve and instruct the Mayor to sign the five-year lease agreement with Sycamore Investment Co. for the occupancy of 7,300 square feet of warehouse space and 20 parking spaces at 13745 West Saticoy Street, Van Nuys, to be occupied by the Department of Public Health for a maximum first year cost of \$112,296. All of the rental costs are to be funded by the license and permit fees collected by the Department of Public Health.

*"To Enrich Lives Through Effective And Caring Service"*

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3. Authorize the Internal Services Department, or the Sycamore Investment Co., at the direction of the Chief Executive Office, to acquire telephone and security alarm systems at a cost not to exceed \$16,500 which will be paid by the Department of Public Health via lump sum payment.
4. Authorize the Chief Executive Officer, the Directors of Internal Services, and Public Health to implement the project. The lease will be effective and commence upon approval by your Board.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed lease will provide warehouse space for the Department of Public Health's (DPH) Environmental Health Vehicle Inspection Program (VIP). The department has the responsibility of enforcing California Health and Safety Codes by assuring that food vendors maintain appropriate health permits and comply with health and safety codes. The improper storage and handling of food prepared by illegal food vendors has been shown to place public health at risk. By having permitted vendors, DPH inspectors have the ability to track and conduct inspections of the permitted carts on a regular basis. During the inspections, staff monitors the vendors for proper food preparation and adequate hygiene practices.

The proposed lease will allow VIP staff to store impounded food carts and equipment from illegal food vendors. The impounded items are typically held for 30 days and, thereafter, owners can pay a fine for their release, or the items will be disposed at the salvage yard.

Staff currently stores impounded items at the Downtown Los Angeles and Monterey Park storage facilities. The proposed warehouse will relieve the crowded storage conditions at these two sites and reduce the driving distance and time to unload and store the impounded carts and equipment. The proposed location will assist in VIP staff in addressing the rising problem of illegal food vendors in the North County communities.

#### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Health and Mental Health (Goal 4) directs that we protect the public from potential effects of food borne illnesses, and the Goal of Public Safety (Goal 5) regulates programs by increasing illegal food cart sweeps, while addressing the illegal food vending issues.

### **FISCAL IMPACT/FINANCING**

The maximum first year costs will be approximately \$112,296.

| <b>PROPOSED LEASE</b>                          | <b>13745 WEST SATICOY STREET, VAN NUYS</b>                  |
|--|---|
| Area   | 7,300 rentable square feet                                  |
| Term   | Five years, commencing upon Board approval                  |
| Annual Base Rent                               | \$85,848  |
| Annual Trash Service                           | \$ 6,840  |
| Total Annual Cost                              | \$92,688 (\$12.70 per square sq.ft.)                        |
| Reimbursable Tenant Improvement (TI) allowance | \$73,000 <sup>(1)</sup> (\$10 per sq.ft.)                   |
| Change Order allowance                         | \$ 10,000 <sup>(1)</sup>                                    |
| Annual TI Reimbursement                        | \$19,608 <sup>(1)</sup> (\$2.69 per sq.ft. annually)        |
| Maximum Annual Rent                            | \$112,296 <sup>(2)</sup> (\$15.38 per sq.ft. annually)      |
| Cancellation                                   | After the 48 <sup>th</sup> month, with 60 days prior notice |
| Parking (included in Rent)                     | 20 parking spaces   |
| Option to Renew                                | Two five-year options                                       |
| Rental Adjustment                              | Annual Consumer Price Index adjustments capped at 5 percent |

<sup>(1)</sup> \$83,000 represents the maximum amount of reimbursable TI and change order funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 7 percent, the annual TI reimbursement will be \$19,608 (\$2.69 per sq. ft. annually).

<sup>(2)</sup> Includes annual base rent, trash service, and the annual reimbursement of the TI and Change Order allowances.

Sufficient funding for the rental costs of the proposed lease is included in the 2011-12 Rent Expense budget and will be billed back to the department. DPH has sufficient funding in its 2011-12 operating budget to cover the projected lease costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease will serve as a warehouse for DPH's Environmental Health VIP operation. The proposed five-year lease will provide 7,300 rentable square feet of warehouse space and 20 parking spaces. The agreement contains the following provisions:

- A five-year term commencing upon adoption by your Board.
- The proposed lease is a modified-gross lease whereby the Sycamore Investment Co. (Landlord) is responsible for maintenance costs associated with the premises. The County of Los Angeles (County) is responsible for utilities, maintenance of the clarifier, janitorial, and trash service.

- There is a cancellation provision allowing the County to cancel the lease at or anytime after the 48th month with 60 days prior written notice.
- A reimbursable TI allowance of \$73,000 and a Change Order allowance of \$10,000 are included in the proposed lease, and is payable in a lump sum or amortized over the five-year term at an annual interest rate of seven percent.
- The TI's include the construction of a 1,000 gallon clarifier, a canopy over the clarifiers' drain, and a secured outdoor metal cage to store impounded propane tanks.
- Two, five-year options to renew the lease with 90 days prior written notice. The options are subject to negotiation and mutual agreement as to fair market rent.
- The Chief Executive Office (CEO), Real Estate staff conducted a survey within the project area to determine the availability of comparable, equally accessible, and more economical sites. Staff was unable to identify any other sites in the survey area that could suitably accommodate this requirement. Based upon said survey, staff has established that the rental range for similar lease terms is between \$8.00 and \$14.40 per square foot per year on a modified-gross basis. Thus, the annual rent of \$12.70 per square foot represents a rate within market range for the area. Attachment B shows County-owned or leased facilities within the service area. There are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has inspected the facility and found it seismically suitable for County occupancy. Construction of the TI's will be completed in compliance with the Americans with Disabilities Act (ADA) and local building codes. Additionally, the Landlord will ensure ADA path of travel requirements are met.

#### **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT RREPORT**

The CEO has made an initial study of the environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act and the California Administrative Code, Section 15072. Copies of the Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

The Honorable Board of Supervisors  
November 8, 2011  
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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease will provide the necessary warehouse space for this County requirement and DPH concurs with the proposed lease recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:RLR:CMM  
CEM:MAC:hd

**Attachments**

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Internal Services  
Public Health

**DEPARTMENT OF PUBLIC HEALTH  
13745 WEST SATICOY STREET, VAN NUYS  
Asset Management Principles Compliance Form<sup>1</sup>**

|    |   |   |     |    |     |
|----|---|---|-----|----|-----|
| 1. | <b>Occupancy</b>  |   | Yes | No | N/A |
|    | A   | Does lease consolidate administrative functions? <sup>2</sup>   |     |    | X   |
|    | B   | Does lease co-locate with other functions to better serve clients? <sup>2</sup>   |     |    | X   |
|    | C   | Does this lease centralize business support functions? <sup>2</sup>   |     |    | X   |
|    | D   | Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>No, given the warehouse storage requirement of the program.</b>             |     | X  |     |
| 2. | <b>Capital</b>  |   |     |    |     |
|    | A   | Is it a substantial net County cost (NCC) program? <b>No, the rental costs are funded by the license and permit fees collected by DPH.</b>                        |     | X  |     |
|    | B   | Is this a long term County program?   | X   |    |     |
|    | C   | If yes to 2 A or B; is it a capital lease or an operating license with an option to buy?  |     | X  |     |
|    | D   | If no, are there any suitable County-owned facilities available?  |     | X  |     |
|    | E   | If yes, why is lease being recommended over occupancy in County-owned space?  |     |    | X   |
|    | F   | Is Building Description Report attached as Attachment B?  | X   |    |     |
|    | G   | Was build-to-suit or capital project considered? <b>Space requirement does not meet criteria for this type of project.</b>  |     | X  |     |
| 3. | <b>Portfolio Management</b>                                   |   |     |    |     |
|    | A   | Did department utilize CEO Space Request Evaluation (SRE)?  | X   |    |     |
|    | B   | Was the space need justified?   | X   |    |     |
|    | C   | If a renewal lease, was co-location with other County departments considered?   |     |    | X   |
|    | D   | Why was this program not co-located?  |     |    |     |
|    |   | 1. <u>  X  </u> The program clientele requires a "stand alone" facility.  |     |    |     |
|    |   | 2. <u>      </u> No suitable County occupied properties in project area.  |     |    |     |
|    |   | 3. <u>  X  </u> No County-owned facilities available for the project.   |     |    |     |
|    |   | 4. <u>      </u> Could not get City clearance or approval.  |     |    |     |
|    |   | 5. <u>      </u> The Program is being co-located.   |     |    |     |
|    | E   | Is lease a full service license? <sup>2</sup> <b>Landlord will not accept a full-service lease. County will pay for utilities, janitorial, and trash service.</b> |     | X  |     |
|    | F   | Has growth projection been considered in space request?   |     |    | X   |
|    | G   | Has the Dept. of Public Works completed seismic review/approval?  | X   |    |     |
|    | <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |   |     |    |     |
|    | <sup>2</sup> If not, why not?                                 |   |     |    |     |

**DEPARTMENT OF PUBLIC HEALTH  
WAREHOUSE SPACE SEARCH  
NORTH COUNTY WITHIN VAN NUYS, PACOIMA, AND RESEDA**

| <b>LACO</b> | <b>FACILITY NAME</b>                       | <b>ADDRESS</b>                      | <b>SQUARE GROSS</b> | <b>FEET NET</b> | <b>OWNERSHIP</b> | <b>SQ FT AVAILABLE</b> |
|-------------|--|-------------------------------------|---------------------|-----------------|------------------|------------------------|
| F239        | PW FLOOD-PACOIMA STORAGE BLDG              | 10450 ARLETA AVE, PACOIMA 91331     | 154                 | 146             | OWNED            | NONE                   |
| F240        | PW FLOOD-PACOIMA STORAGE BLDG              | 10450 ARLETA AVE, PACOIMA 91331     | 261                 | 248             | OWNED            | NONE                   |
| F243        | PW FLOOD-PACOIMA STORAGE BLDG              | 10450 ARLETA AVE, PACOIMA 91331     | 250                 | 240             | OWNED            | NONE                   |
| F248        | PW FLOOD-PACOIMA STORAGE BLDG              | 10450 ARLETA AVE, PACOIMA 91331     | 593                 | 563             | OWNED            | NONE                   |
| F249        | PW FLOOD-PACOIMA STORAGE BLDG              | 10450 ARLETA AVE, PACOIMA 91331     | 127                 | 120             | OWNED            | NONE                   |
| F250        | PW FLOOD-PACOIMA STORAGE BLDG              | 10450 ARLETA AVE, PACOIMA 91331     | 245                 | 233             | OWNED            | NONE                   |
| 6222        | WHITEMAN AIRPORT-STORAGE BLDG              | 12653 OSBORNE ST, PACOIMA 91331     | 592                 | 488             | OWNED            | NONE                   |
| X769        | WHITEMAN AIRPORT-STORAGE BLDG              | 12653 OSBORNE ST, PACOIMA 91331     | 481                 | 414             | OWNED            | NONE                   |
| T582        | FIRE-PACOIMA UTILITY TRAILER               | 12605 OSBORNE ST, PACOIMA 91331     | 152                 | 141             | OWNED            | NONE                   |
| Y580        | FIRE-PACOIMA WAREHOUSE                     | 12605 OSBORNE ST, PACOIMA 91331     | 15000               | 14250           | OWNED            | NONE                   |
| Y583        | FIRE-PACOIMA STORAGE WAREHOUSE             | 12605 OSBORNE ST, PACOIMA 91331     | 1440                | 1227            | OWNED            | NONE                   |
| Y587        | FIRE-PACOIMA CONSOLIDATED WAREHOUSE        | 12605 OSBORNE ST, PACOIMA 91331     | 2233                | 2124            | OWNED            | NONE                   |
| Y592        | FIRE-PACOIMA SEED BARN                     | 12605 OSBORNE ST, PACOIMA 91331     | 2900                | 2716            | OWNED            | NONE                   |
| Y596        | FIRE-PACOIMA TRUCK WASH SUPPLIES           | 12605 OSBORNE ST, PACOIMA 91331     | 280                 | 246             | OWNED            | NONE                   |
| Y597        | FIRE-PACOIMA ROOFING MATERIALS             | 12605 OSBORNE ST, PACOIMA 91331     | 3910                | 3800            | OWNED            | NONE                   |
| Y604        | FIRE-PACOIMA STORAGE BUILDING #1           | 12605 OSBORNE ST, PACOIMA 91331     | 608                 | 557             | OWNED            | NONE                   |
| Y605        | FIRE-PACOIMA STORAGE BUILDING #2           | 12605 OSBORNE ST, PACOIMA 91331     | 280                 | 244             | OWNED            | NONE                   |
| Y656        | FIRE-PACOIMA FIRE LOCKER/FOOD DP           | 12605 OSBORNE ST, PACOIMA 91331     | 800                 | 755             | OWNED            | NONE                   |
| Y657        | FIRE-PACOIMA CONST SUPPLY SHED             | 12605 OSBORNE ST, PACOIMA 91331     | 2400                | 2383            | OWNED            | NONE                   |
| 5308        | ISD/ITS-PACOIMA WAREHOUSE                  | 12441 OSBORNE ST, PACOIMA 91331     | 9696                | 9136            | OWNED            | NONE                   |
| F306        | PW FLOOD-HANSEN YARD WAREHOUSE             | 11950 BRANFORD ST, SUN VALLEY 91352 | 5100                | 4590            | OWNED            | NONE                   |
| F307        | PW FLOOD-HANSEN YARD WAREHOUSE             | 11950 BRANFORD ST, SUN VALLEY 91352 | 2272                | 2045            | OWNED            | NONE                   |
| F310        | PW FLOOD-HANSEN YARD WAREHOUSE             | 11950 BRANFORD ST, SUN VALLEY 91352 | 5800                | 5220            | OWNED            | NONE                   |
| F312        | PW FLOOD-HANSEN YARD STORAGE BUILDING      | 11950 BRANFORD ST, SUN VALLEY 91352 | 177                 | 160             | OWNED            | NONE                   |
| F313        | PW FLOOD-HANSEN YARD STORAGE BUILDING      | 11950 BRANFORD ST, SUN VALLEY 91352 | 261                 | 235             | OWNED            | NONE                   |
| F314        | PW FLOOD-HANSEN YARD STORAGE BUILDING      | 11950 BRANFORD ST, SUN VALLEY 91352 | 250                 | 225             | OWNED            | NONE                   |
| F316        | PW FLOOD-HANSEN YARD STORAGE BUILDING      | 10179 GLENOAKS BLVD, SUN VALLEY     | 163                 | 147             | OWNED            | NONE                   |
| F630        | PW FLOOD-SATICOY YARD BUILDING 3 WAREHOUSE | 13436 SATICOY ST, NORTH HOLLYWOOD   | 2880                | 2736            | OWNED            | NONE                   |

# FILED

MAR 22 2011

DATE POSTED – March 22, 2011

DEAN D. LOGAN  
REGISTRAR-RECORDER/COUNTY CLERK  
*T. PEREA*  
T. PEREA

## NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles  
Chief Executive Office
2. Address/Phone No. - 222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012
- |                                    |                                    |
|------------------------------------|------------------------------------|
| <u>Agent</u><br>Miguel Covarrubias | <u>Telephone</u><br>(213) 974-4164 |
|------------------------------------|------------------------------------|
3. Date Information Form Submitted – March 22, 2011
4. Agency Requiring Information Form - Los Angeles County  
Chief Executive Office  
Real Estate Division
5. Name of Proposal, if Applicable -
6. Address of Facility Involved – 13745 West Saticoy Street  
Los Angeles, CA 91402

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2 above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.

11 0041345

THIS NOTICE WAS POSTED

ON MAR 22 2011

UNTIL APR 21 2011

REGISTRAR-RECORDER/COUNTY CLERK



**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE**

**THREE-YEAR LEASE**

**NEGATIVE DECLARATION**

**I. Location and Description of the Project**

The proposed project is for the County of Los Angeles to lease facilities at 13745 West Saticoy Street, Los Angeles, which will be used by the Department of Public Health for general warehouse storage. The facility, located in the Third Supervisorial District approximately 16 miles from the Los Angeles Civic Center, includes approximately 7,300 square feet of warehouse space for County use within an approximately 10,225 square foot building. The Department of Public Health shall have use of approximately 20 onsite parking spaces for departmental staff. The Landlord has no expansion plans beyond the scope of this project.

**II. Finding of No Significant Effect**

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

**III. Mitigation Measures**

None required.

## **NEGATIVE DECLARATION**

Department Name: Public Health  
Project: Environmental Health Warehouse

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. **Description of Project**

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department of Public Health as warehouse space.

2. a. **Location of Project** (plot plan attached)

13745 West Saticoy Street  
Los Angeles, CA 91402

b. **Name of Project Proponent**

County of Los Angeles  
Chief Executive Office  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012

3. **Finding for Negative Declaration**

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated March 22, 2011 which constitutes the Initial Study of this project.

4. **Initial Study**

An Initial Study leading to this Negative Declaration has been prepared by the Chief Executive Office and is attached hereto.

5. **Mitigation Measures Included in Project**

None required.

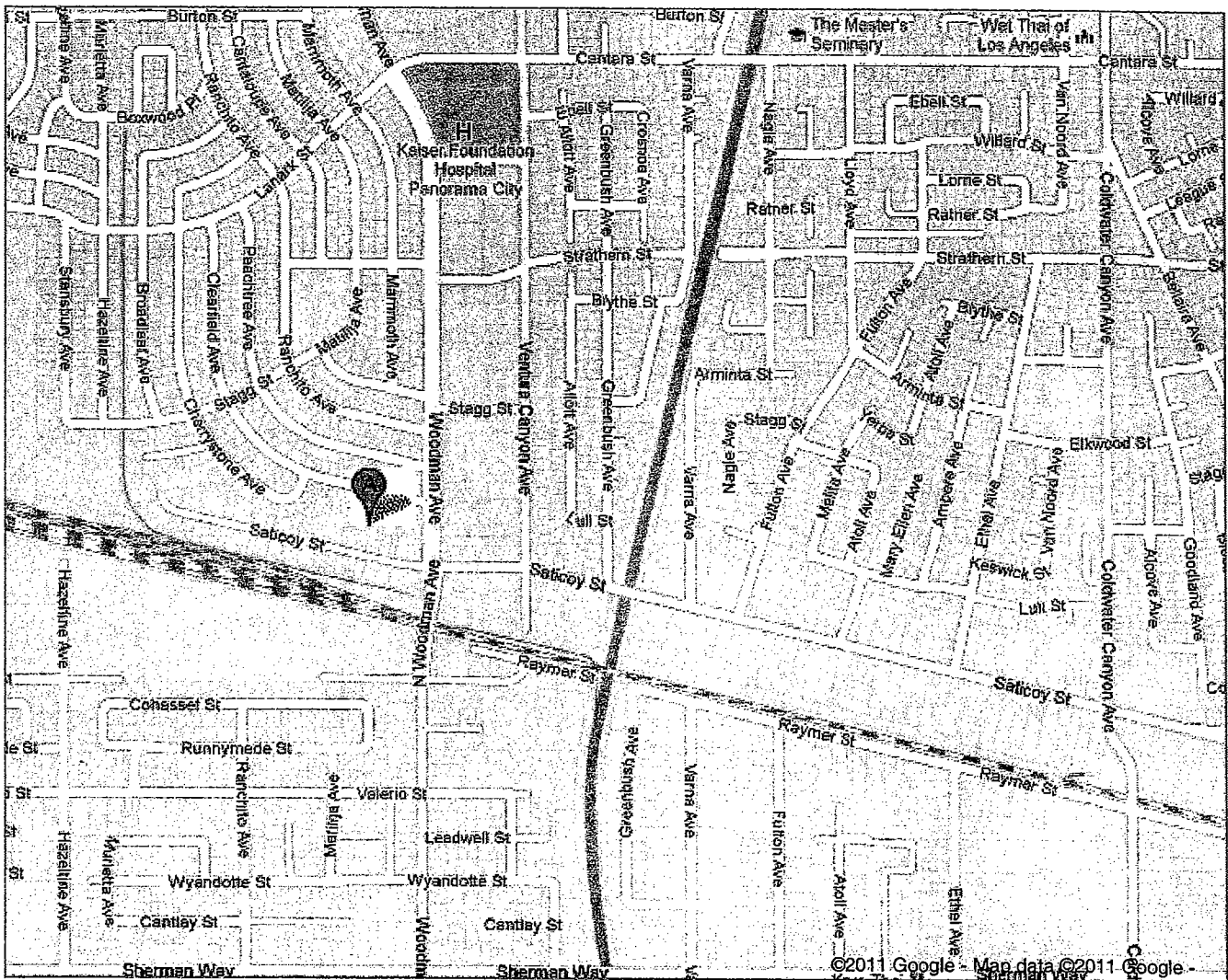
**Date**  
March 22, 2011

**Real Property Agent**  
Miguel Covarrubias

**Telephone**  
(213) 974-4164

Google maps

To see all the details that are visible on the screen, use the "Print" link next to the map.



11 0041345

**COUNTY OF LOS ANGELES**  
**CHIEF EXECUTIVE OFFICE**  
**LEASE AGREEMENT**

**DEPARTMENT: Public Health, as Tenant**

**LANDLORD: Sycamore Investment Co., a California General Partnership**

**13745 West Saticoy Street, Van Nuys**

77684

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COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT

THIS LEASE is entered into as of the 8th day of November 2011 between Sycamore Investment Co., a California General Partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- (a) Landlord's Address for Notice: Sycamore Investment Co.  
1666 20<sup>th</sup> Street, Suite 100  
Santa Monica, CA 90404  
Attention: Jerry A. Witkow
- (b) Tenant's Address for Notice: Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012
- With a copy to:
- Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate
- (c) Premises: Approximately 7,300 rentable square feet within the approximately 10,225 square foot Building (defined below) as shown on Exhibit A attached hereto.
- (d) Building: The building located at 13745 West Saticoy Street, Van Nuys which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
- (e) Term: Five years commencing upon adoption of this Lease by the County Board of Supervisors; and



terminating at midnight on the day before the 5<sup>th</sup> anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.

- (f) Projected Commencement Date: November 1, 2011
- (g) Commencement Date: Upon adoption of this Lease by the County Board of Supervisors;
- (h) Irrevocable Offer Expiration Date: October 18, 2011
- (i) Basic Rent: \$7,724 per month (which is based upon a rental rate of \$0.98 per rentable square foot + \$570/ per month for added trash service) (adjustable only as provided in Section 5 hereof.)
- (j) Early Termination Notice Date: At or after the 48<sup>th</sup> month.
- (k) Rentable Square Feet in the Premises: 7,300
- (l) Use: General warehouse use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: Public Health
- (n) Parking Spaces: 20
- (o) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.

(p) Asbestos Report:

A report dated 2011, prepared by SCS Engineers, a licensed California Asbestos contractor.

1.2 Defined Terms Relating to Landlord's Work Letter

Not Applicable

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises  
Exhibit B- Legal Description of Property  
Exhibit C - Not Applicable  
Exhibit D - HVAC Standards  
Exhibit E - Cleaning and Maintenance Schedule

1.4 Landlord's Work Letter:

Not Applicable

1.5 Supplemental Lease Documents: (delivered to Landlord and made a part hereof by this reference):

Document I: Subordination, Non-disturbance and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business Enterprises Form  
Document IV: Memorandum of Lease  
Document V: Request for Notice

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon adoption of this Lease by the County Board of Supervisors.

(b) Early Possession. Not Applicable.

(c) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than sixty (60) days prior written notice executed by the Chief Executive Officer of Tenant. With the Early Termination Notice Tenant shall deliver to Landlord a termination fee equal to the unamortized portion of the Allowance (as defined in Section 23 hereof) calculated on a straight-line basis over the initial Term with no interest thereon.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

Beyond year one of the Term, the rental rate shall be adjusted as defined herein:

(a) Rental Adjustment: For each successive twelve (12) months of the original Term of this Lease and in the event Tenant exercises its Option pursuant to Section 33 hereof for each successive twelve (12) month period thereafter, the monthly Basic Rent as set forth in Paragraph 1.1 hereof shall be subject to adjustment. From and after the first anniversary date of the first day of the first full calendar month following the commencement of this Lease and every twelve months thereafter, the Basic Rent shall be adjusted in accordance with the CPI formula set forth in this Section 5.

(b) CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as the "Index".

The rental adjustment for the Initial Monthly Rent for the first month of the Lease shall be calculated by multiplying the initial Basic Rent of \$7,724. per month by a fraction, the numerator being the New Index and the denominator being the Base Index. The New Index is the Index published for the month immediately proceeding the month the adjustment is to be effective, and the Base Index is the Index published for the month the Lease commences. The rental adjustment for the monthly Basic Rent shall then be calculated by multiplying the prior month's Adjusted Monthly Rent, by a fraction, the numerator being the New Index and the denominator being the Prior Month's Index.

The formula is illustrated as follows:

First Anniversary's Calculation

$(\text{New Index} \div \text{Base Index}) \times \$7,724 \text{ (Initial Monthly Rent)} = \text{New Adjusted Monthly Rent}$

Each Anniversary Thereafter:

$(\text{New Index} \div \text{Prior Month's Index}) \times (\text{Prior Adjusted Monthly Rent}) = \text{New Monthly Rent}$

If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

(c) General Provisions:

(i) In no event shall the monthly rent adjustment based upon the CPI formula result in an annual increase greater than five percent (5%) per year.

(ii) In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

## 9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination..

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

## 10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply, as of the Commencement Date, with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. ~~Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five (5) years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years and (5) signage.~~ Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the maintenance and repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which

requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than fifteen (15) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. The remedies provided in this Section are in addition to the remedies provided in Section 14.

#### 11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises which utilities have or will be separately metered by the Landlord and shall be paid by the Tenant:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises, excepting the warehouse space.

(b) Electricity. Landlord shall furnish to the Premises an amount of electric current and panels standard to tenant's intended use for power and lighting and electric current for HVAC.

(d) Elevators. Not Applicable

(e) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(f) Janitorial. Not Applicable

(g) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

(h) Added Trash Service. Landlord shall furnish two additional trash bins with service twice a week per County specifications and schedule; Tenant shall reimburse Landlord the monthly actual cost of the added trash service.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any

reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

### 13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

### 14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within fifteen (15) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such fifteen (15) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition



to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent, which consent shall not be unreasonably delayed, conditioned or withheld. No such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease.

#### 16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Tenant shall remove all alterations and restore the Building and Premises to their condition as of the Commencement Date unless prior to the expiration of the Term, Landlord agrees in writing that they may be left with the Premises and shall become the property of the Landlord.

#### 17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined

below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises. Waiver of Statute Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

## 18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

## 19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises. .

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance

proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease

Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required.. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates. It is understood that if Tenant elects to self insure as permitted above, Landlord shall have the same benefits and protections as if Tenant carried insurance with a third party insurance company satisfying the requirements of this Lease .

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

## 20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section

14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

## 21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency

during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

(c) Tenant Indemnity. Tenant shall indemnify, protect, defend and hold harmless Landlord from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Tenant shall promptly deliver to Landlord a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Tenant under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

### 23. TENANT IMPROVEMENTS.

Landlord, within fifteen (15) days after receipt of a duly executed copy of this Lease, shall begin work on the installation of a 1,000 gallon clarifier with a canopy overhead and a lockable cage per the County plans and specifications, the Tenant Improvements (TI), up to a maximum cost of \$83,000 (i.e., \$10per rentable square foot) (the reimbursable "Allowance" and \$10,000 Change Order Allowance). Said work shall be completed no later than three months from the date this Lease is executed by the parties.

That portion of the reimbursable Allowance used to pay for the TI Costs may, at Tenant's election be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal amortized monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate of 7% per annum. Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the TI Costs, amortizing any remaining amount in monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant shall (unless otherwise agreed to in writing by Landlord) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises

and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

## 29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation.

(d) Entire Agreement. This Lease (and the Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.



(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, or conditioned.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. Not Applicable

AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegate (the "Chief Executive Officer") may take any Executive act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

### 30. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

31. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

### 32. OPTION TO EXTEND

(a) Terms of Option. Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two options (each, an "Option") to renew this Lease for an additional period of five years each (each, an "Extension Term").

(b) Exercise of Option. Tenant must exercise each Option to extend this Lease (if Tenant elects to do so) by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than 90 days prior to the end of the initial Term, or the end of the first Extension Term, as the case may be. The actual exercise of the Option shall be only by the Board of Supervisors of the County of Los Angeles prior to the expiration of the lease term or by the Chief Executive Officer pursuant to special delegated authority from the Board of Supervisors.

(c) Terms and Conditions of Extension Term. Each Extension Term shall be on all the terms and conditions of this Lease, except that Basic Rent for each Extension Term shall be the rate in effect during the last year of the original Lease term (or First Extension Term, as the case may be), increased to fair market value by negotiation and mutual agreement of the parties.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

Sycamore Investment Co., a California General Partnership

By: [Signature]  
Name: LEONARD SITAPIDO  
Its: GENERAL PARTNER

TENANT:

COUNTY OF LOS ANGELES  
a body politic and corporate

MAYOR MICHAEL D. ANONIVICH  
Board of Supervisors

By: Mike Antonovich

ATTEST:

Sachi A. Hamai  
Executive Officer-Clerk  
of the Board of Supervisors

By: Lachelle Smitherman  
Deputy

APPROVED AS TO FORM:  
Andrea Sheridan Ordin  
County Counsel

By: [Signature]  
Amy M. Caves  
Senior Deputy

ATTEST:



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By: Lachelle Smitherman  
Deputy

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

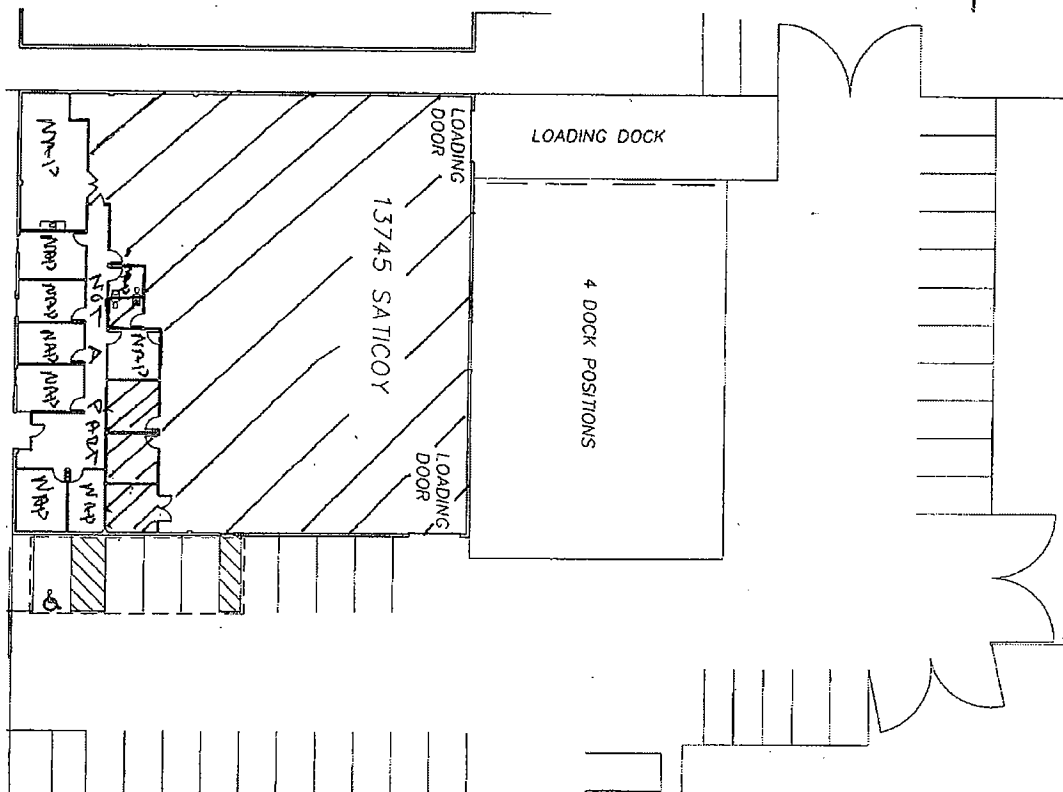
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NOV 08 2011

Sachi A. Hamai  
SACHI A. HAMAI  
EXECUTIVE OFFICER

EXHIBIT A  
FLOOR PLAN OF PREMISES

FLOOR PLAN  
13745 SATICOY ST  
APPROX. 7300 SQUARE FEET  
LOCATED WITHIN A LARGE  
BUILDING.  
INCLUDES RESTROOM FACING WAREHOUSE  
AND THREE OFFICES/STORAGE ROOMS  
FACING WAREHOUSE. REMAINDER IS EXCLUDED.



## EXHIBIT B

### LEGAL DESCRIPTION OF PROPERTY

DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: 13745 54.07

THOSE PORTIONS OF LOTS 2, 3 AND 4 OF TRACT 22507, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 601 PAGES 91 AND 92 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS WHOLE AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID LOT 3, THENCE ALONG THE SOUTHERLY LINE OF SAID LOTS 3 AND 2, SOUTH 76 DEGREES 36' 27" EAST 164.05 FEET; THENCE NORTHERLY AT RIGHT ANGLES TO SAID SOUTHERLY LINE 156.20 FEET TO A LINE THAT IS PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 2; THENCE WESTERLY ALONG SAID PARALLEL LINE A LINE THAT IS PERPENDICULAR TO THE SOUTHERLY LINE OF SAID LOT 2 AND WHICH PASSES THROUGH A POINT IN THE SOUTHERLY LINE OF SAID LOT 2, DISTANT SOUTH 76 DEGREES 36' 27" EAST 146.05 FEET; MEASURED ALONG THE SOUTHERLY LINE OF SAID LOTS 2 AND 3, FROM THE SOUTHWEST CORNER OF SAID LOT 3; THENCE NORTHERLY ALONG SAID PERPENDICULAR LINE 167.79 FEET TO THE NORTHERLY LINE OF SAID LOT 2; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID LOTS 2, 3 AND 4 TO THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 4, A DISTANCE OF 167.79 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHERLY 156.20 FEET, MEASURED AT RIGHT ANGLES, FROM THE SOUTHERLY LINE OF SAID LOTS, 2, 3 AND 4; THENCE EASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE TO THE WESTERLY LINE OF SAID LOT 3; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 3 TO THE POINT OF BEGINNING.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Not applicable



EXHIBIT D  
HVAC STANDARDS

Not applicable

## EXHIBIT E

### CLEANING AND MAINTENANCE SCHEDULE

#### AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.